

## VIDEO DISTRIBUTION SYSTEM

### Abstract of the Disclosure

Movies are distributed to customer households in a secure format on digital media such as optical disks for playback via proprietary set-top boxes. A system operator produces movie disks in large quantities and delivers the disks to widely geographically dispersed distribution agents. Agents produce copies of the disks with unique agent identification codes embedded therein, and distribute the disks to local customers who have compatible playback devices. When customers view movies, information identifying the movie and a distribution agent who is responsible for the movie being distributed to that customer are communicated to the central computer of the system operator. The content providers are then paid royalties due and responsible distribution agents are compensated.

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